

Message Text

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SUBJECT: SASKATCHEWAN BUYS DUVAL POTASH MINE -- OFFICIAL JOINT

PRESS RELEASE

REF: WINNIPEG 326

QUOTE SASKATCHEWAN S FIRST PUBLICLY-OWNED POTASH MINE WILL BE THE
DUVAL CORPORATION MINE NEAR SASKATOON.

THE PURCHASE CULMINATES SEVERAL MONTHS OF BARGAINING BETWEEN THE
DUVAL CORPORATION (A WHOLLY-OWNED SUBSIDIARY OF PENNZOIL CORPOR-
ATION OF HOUSTON, TEXAS) AND THE POTASH CORPORATION OF SASKATCHEWAN,
A CROWN CORPORATION.

THE PURCHASE AGREEMENT WAS FORMALLY SIGNED IN SASKATOON TODAY BY
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GEORGE ATWOOD, PRESIDENT OF DUVAL, AND DAVID DOMBOWSKY, PRESIDENT

OF THE POTASH CORPORATION OF SASKATCHEWAN. THE CROWN CORPORATION WILL
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PAY A TOTAL OF 128.5 MILLION U.S. DOLLARS FOR THE DUVAL PROPERTY.

PREMIER ALLAN BLAKENEY SAID THE DUVAL PURCHASE ILLUSTRATES THAT HIS
GOVERNMENT WILL CONTINUE TO PURSUE THE OBJECTIVES OF ITS POTASH
POLICY WITH PRACTICAL RESULTS AND THAT THE RESULTS CAN BE ACHIEVED
AMICABLY.

PREMIER BLAKENEY COMMENDED THE NEGOTIATORS FOR THE TWO CORPORATIONS,
WHO, HE SAID, WORKED FOR MANY MONTHS IN AN ATMOSPHERE OF TOUGH BUT
FRIENDLY BARGAINING TO RESOLVE THE COMPLEX LEGAL AND FINANCIAL
QUESTIONS INVOLVED IN THE PURCHASE.

BOTH PREMIER BLAKENEY AND MR. DOMBOWSKY GAVE ASSURANCES THAT THE MINE
WOULD CONTINUE TO OPERATE WITHOUT INTERRUPTION AND THAT THERE WOULD
BE CONTINUITY OF STAFF.

THEY ALSO GAVE ASSURANCES THAT DUVAL'S CUSTOMERS WOULD CONTINUE TO
HAVE THEIR CONTRACTS AND AGREEMENTS HONORED BY THE NEW OWNERS AND
THAT THE POTASH CORPORATION WILL GUARANTEE SERVICE AND SUPPLY TO
DUVAL'S TRADITIONAL POTASH CUSTOMERS.

THE PURCHASE AGREEMENT PROVIDES FOR A TRANSITION PERIOD WITH THE
ACTUAL TRANSFER OF PROPERTY AND MANAGEMENT TO TAKE PLACE OCT. 29.

THE PURCHASE PRICE WILL BE MADE UP OF 118.5 MILLION U.S. DOLLARS IN
CASH AND 10 MILLION U.S. DOLLARS IN THE FORM OF A PROMISSORY NOTE
BEARING NINE PER CENT INTEREST.

DUVAL CORPORATION OF CANADA HAS OWNED AND OPERATED A POTASH MINE AND
MILL LOCATED SIX MILES WEST OF SASKATOON SINCE 1968.

THE MINE HAS A RATED CAPACITY OF 1.2 MILLION TONS OF PRODUCT
ANNUALLY, AND HAS EXCELLENT EXPANSION POTENTIAL.

MR. DOMBOWSKY SAID THAT IN ADDITION TO COVERING ALL PHYSICAL ASSETS,
THE AGREEMENT CALLS FOR ASSISTANCE AND CO-OPERATION DURING THE
TRANSITION PHASE AS WELL AS TRANSFER OF DISTRIBUTION FACILITIES,
COMPUTER PROGRAMS AND MARKETING SYSTEMS.
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ESSENTIALLY, WE HAVE PURCHASED AN ONGOING CONCERN AND WE ARE
HIGHLY SATISFIED WITH THE TERMS OF THE AGREEMENT. MR. DOMBOWSKY
SAID.

AT THE PRESS CONFERENCE IN SAKATOON DUVAL PRESIDENT GEORGE ATWOOD
SAID THAT ALTHOUGH THE AGREEMENT WAS DIFFICULT AND TOOK SOME MONTHS
TO FINALIZE, HE BELIEVED IT WAS BOTH FAIR AND EQUITABLE.

OUR NEGOTIATIONS WITH THE POTASH CORPORATION OF SASKATCHEWAN WERE CONDUCTED IN AN AMICABLE AND HIGHLY PROFESSIONAL, BUSINESS-LIKE WAY AND UNDER THE CIRCUMSTANCES I AM SATISFIED WITH THE OUTCOME, HE SAID.

MR DOMBOWSKY SAID A POTASH CORPORATION EVALUATION AND NEGOTIATING TEAM HAS BEEN WORKING TOWARD AN AGREEMENT FOR ALMOST SIX MONTHS.

THE POTASH CORPORATION OF SASKATCHEWAN HAS BEEN COMMITTED FROM THE OUTSET AT ARRIVING AT A FAIR MARKET VALUE FOR THE DUVAL MINE AND IN THIS SITUATION WE BELIEVE WE HAVE ACHIEVED THAT OBJECTIVE, MR DOMBOWSKY SAID.

THE POTASH CORPORATION UTILIZED A COMBINATION OF INTERNAL AND EXTERNAL FINANCIAL AND MINING-ENGINEERING SPECIALISTS IN DETERMINING THE VALUE OF THE DUVAL PROPERTY.

THE PRIMARY OUTSIDE CONSULTING FIRM WAS DAVID S. ROBERTSON AND ASSOCIATES LIMITED OF TORONTO, A WORLDWIDE CONSULTING FIRM THAT SPECIALIZES IN THE EVALUATION OF MINING PROPERTIES.

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